

1.3 The development of the new St. Gallen Management Model

Prof. Hans Ulrich was convinced that a theoretical analysis of a company and its context in a complex environment was needed to teach management. His efforts culminated in the first St. Gallen Management Model in 1972. Since then, Ulrich's model has been repeatedly refined to incorporate the latest trends and research results, as well as to adapt to new situations.

The current St. Gallen Management Model, upon which this book is based, was published in 2002 and has been taught at the University of St. Gallen ever since. It serves as a basic guide for business management teaching and training and has won significant attention in corporate practice. It differs from the previous model in three main areas:

- First, the process view has become a greater focus and is the basis from which dynamic aspects can be mapped. These are represented in the model with the three types of processes, “management processes,” “business processes,” and “support processes.”
- Second, the ethical-normative dimension – i. e., the question, ‘What is right?’ – assumes a more important role within the model. The ethical-normative dimension is expressed in the issues of interaction.
- Third, the stakeholders are explicitly mentioned.

In addition, whenever the St. Gallen Management Model is mentioned, it is always the new St. Gallen management model that is meant. Behind this model lies a certain understanding of business, which is described below.

1.4 Basic understanding of the enterprise

The St. Gallen Management Model understands enterprises as productive, social, changing, and complex systems.

A **system**[→] is an ordered totality of elements that makes them identifiable and distinguishable from their environment. These elements are not only tangible in nature but can also be intangible. An enterprise sets itself apart from other companies, for example, by its name (intangible element) and the factory gates (tangible element).

→ P. 144 The system and complexity concept is described in more depth in Chapter C6 Structure – organizational theories.

An enterprise is ...

... *productive*, because it creates either products or services. Productivity is mainly represented by the business processes element of the model.

... *social*, because on the one hand, people are involved in the creation of products and services, and on the other, this production affects humans, either directly or indirectly (e.g., a customer is pleased with the product, residents are bothered by noise pollution created in the production process). The social aspect is included in the model by means of the category stakeholders and interaction issues.

... *changing*, because it must constantly adapt to new market realities in order to survive in the long term. Stagnation often means regression (an enterprise cannot prosper by selling the exact same products it was selling 10 years ago). This dynamic is shown in development modes section of the model.